

Message Text

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PAGE 01 THE HA 02365 271625Z
ACTION EB-08

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E.O. 11652: N/A
TAGS: EAIR, NL
SUBJECT: CIVAIR - DUTCH APPROVE AMENDED BUDGET FARES AND AT
SAME TIME ISSUE NEW CHARTER REGULATIONS

REF: THE HAGUE 2256, THE HAGUE 2257

1. SUMMARY: THE DUTCH HAVE APPROVED FOR ONE YEAR NEW, HIGHER
BUDGET FARES BY PAN AM AND KLM. AT THE SAME TIME THEY AN-
NOUNCED LIBERALIZED CHARTER REGULATIONS IN ADVANCE OF THE TIME
WE WERE LED TO EXPECT THEM. BY MAKING THE TWO DECISIONS SIMUL-
TANEOUSLY, THE DUTCH HAVE BLUNTED OUR HOPE THAT THEY MIGHT
APPROVE THE LOWER ORIGINAL BUDGET FARES AFTER THE CHARTER REGULA-
TIONS WERE REVISED. THE MINIMUM CHARTER PRICES ALSO SET A FLOOR
FOR THE SCHEDULED FARES AT LEAST FOR THE SUMMER. END SUMMARY.

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2. IN A PRESS RELEASE APRIL 26, TRANSPORT STATE SECRETARY
NEELIE SMIT-KROES ANNOUNCED THAT SHE HAS AGREED TO NEW, REVISED
BUDGET FARES PROPOSED BY PAN AM AND KLM. THE AMSTERDAM-NEW
YORK TARIFF IS SET AT 468 GULDERS FROM JULY THROUGH SEPTEMBER
AND AT 407 GULDERS DURING OTHER MONTHS. MRS. SMIT LIMITED HER
APPROVAL TO A TRIAL PERIOD OF ONE YEAR. (WE ARE SENDING THE
TEXT OF HER ANNOUNCEMENT BY SEPTTEL.)

3. IN THE SAME PRESS RELEASE, MRS. SMIT ANNOUNCED LIBERALIZED NEW CHARTER REGULATIONS, INCLUDING:

--MINIMUM ROUND-TRIP AMSTERDAM-NEW YORK FARES OF 842 GUILDERS FROM JULY THROUGH SEPTEMBER, THE SAME LEVEL AS THE COST OF RETURN TICKETS UNDER THE SCHEDULED AIRLINES' BUDGET FARES (THE OLD MINIMUM CHARTER PRICE WAS 977 GUILDERS);
--ADVANCE BOOKING REQUIREMENTS OF 30 DAYS (VERSUS 45 DAYS PREVIOUSLY);
--FILL-UP RIGHTS OF 10 PERCENT (VERSUS NONE BEFORE); AND
--MINIMUM GROUP SIZE OF 20 (VERSUS 40 EARLIER).
THE NEW MINIMUM FARES FOR THE WINTER SEASON ARE TO BE FIXED AS SOON AS POSSIBLE.

4. BESIDES LINKING THE MINIMUM SCHEDULED AND CHARTER FARES, MRS. SMIT UNFAVORABLY COMPARED THE CONDITIONS GOVERNING PAN AM'S AND KLM'S BUDGET TRAFFIC WITH THOSE GOVERNING CHARTERS.

5. DURING THE CONSULTATIONS IN THE HAGUE APRIL 21 THE CHAIRMAN OF THE DUTCH DELEGATION, R.L.M. SCHREURS, INDICATED THAT THE CHARTER REGULATIONS WERE LIKELY TO BE LIBERALIZED IN ONE OR TWO MONTHS AND MIGHT INCLUDE THE ELIMINATION OF MINIMUM CHARTER PRICES. HE ALSO INDICATED THAT AT THE TIME THE REGULATIONS WERE REVISED THE PAN AM BUDGET FARE MIGHT BE APPROVED AT THE ORIGINAL LEVEL OF 330 GUILDERS FROM AMSTERDAM TO NEW YORK.
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BY UPHOLDING MINIMUM CHARTER PRICES AND MAKING THE DECISIONS ON THE BUDGET FARES AND CHARTER REGULATIONS SIMULTANEOUSLY, MRS. SMIT HAS MADE IT CLEAR THAT:

--THE ORIGINAL PAN AM BUDGET FARE WILL NOT BE RECONSIDERED, AND
--MINIMUM CHARTER PRICES WILL SET THE FLOOR FOR SCHEDULED FARES AT LEAST FOR THE SUMMER.

6. WHEN WE RAISED THE POSSIBILITY OF THE DUTCH RECONSIDERING THE ORIGINAL FARE DURING AN INFORMAL DISCUSSION APRIL 26, ALEXANDER VAN SCHELLE OF THE FOREIGN MINISTRY RESPONDED BY CHARACTERIZING THE SUGGESTION AS "BAIT" THROWN OUT BY THE US DELEGATION CHAIRMAN WHICH HAD NOT BEEN PICKED UP BY SCHREURS. HE POINTED OUT THAT THE MEMORANDUM OF CONSULTATION MADE NO REFERENCE TO THE POSSIBILITY.

7. IT SHOULD BE NOTED, FINALLY, THAT IN HER PRESS RELEASE MRS. SMIT WAS NOT CONSISTENT IN HER CONCERN FOR THE PUBLIC'S RIGHT TO BE INFORMED OF DIFFERENCES IN COMMERCIAL FARES. IN POINTING OUT THAT IT IS POSSIBLE TO MAKE RETURN FLIGHTS ON PAN AM AND KLM FOR 733 GUILDERS IN WINTER AND 842 IN SUMMER, MRS. SMIT NEGLECTED TO SAY THAT THE REASON THE RETURN TICKET WAS NOT DOUBLE THE SINGLE AMSTERDAM-NEW YORK FARE WAS THAT THE

US HAD APPROVED A SINGLE NEW YORK-AMSTERDAM FARE 25 PERCENT
LOWER THAN WHAT MRS. SMIT FELT SHE COULD ACCEPT FOR THE NETHER-
LANDS.
BROWN

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